The Livestrong Foundation

Financial Statements
as of and for the Year Ended
December 31, 2022 and
Independent Auditors' Report

MAXWELL & LOCKE & RITTER

The Livestrong Foundation

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Independent Auditors' Report

To the Board of Directors of
The Livestrong Foundation:

Opinion

We have audited the accompanying financial statements of The Livestrong Foundation (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Maxwell Locke & Ritter LLP

Austin, Texas
October 17, 2023

The Livestrong Foundation

Statement of Financial Position
December 31, 2022

Assets	
Cash and cash equivalents	$ 486,527
Accounts receivable	34,855
Prepaid expenses and other assets	200,350
Investments	24,347,210
Inventory	1,311,716
Convertible promissory note receivable (Note 4)	300,000
Note receivable	250,000
Operating lease right-of-use assets	562,116
Property and equipment, net	88,452
Intangible assets	1,083,886
Total	$ 28,665,112

Liabilities and Net Assets	
Liabilities:	
Accounts payable	$ 94,699
Accrued liabilities	8,950
Operating lease obligations	584,583
Total liabilities	688,232
Net Assets:	
Without donor restrictions:	
Undesignated	3,579,143
Board-designated operating reserve	2,000,000
Board-designated endowment	9,943,865
Total net assets without donor restrictions	15,523,008
With donor restrictions	12,453,872
Total net assets	27,976,880
Total	$ 28,665,112

See notes to financial statements.

The Livestrong Foundation

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and net assets released from restrictions:			
Gifts and grant revenue	$ 892,758	186,675	1,079,433
Special event revenues, net	407,480	-	407,480
Investment loss, net	(44,793)	(112,931)	(157,724)
Program merchandise and services	38,030	-	38,030
Program merchandise and services - promotional cost	(25,125)	-	(25,125)
Other	107,059	-	107,059
Total revenues, net	1,375,409	73,744	1,449,153
Net assets released from restrictions	221,985	(221,985)	-
Total revenues and net assets released from restrictions	1,597,394	(148,241)	1,449,153
Expenses:			
Program services	3,376,459	-	3,376,459
Fundraising	1,811,548	-	1,811,548
Management and general	297,598	-	297,598
Total expenses	5,485,605	-	5,485,605
Change in net assets	(3,888,211)	(148,241)	(4,036,452)
Net assets, beginning of year	19,411,219	12,602,113	32,013,332
Net assets, end of year	$ 15,523,008	12,453,872	27,976,880

See notes to financial statements.

The Livestrong Foundation

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services					Supporting Services		
	Livestrong Cancer Institute and Advocacy Initiatives	Direct Services	Grants and Research	Community Programs and Awareness	Total Program Services	Fundraising	Management and General	Total
Salaries, wages, and benefits	$ 314,370	273,481	221,312	194,147	1,003,310	543,117	77,153	$ 1,623,580
Grants and awards	1,097,000	-	197,595	-	1,294,595	-	-	1,294,595
Contract services	56,729	298,757	72,147	47,754	475,387	299,571	28,048	803,006
Occupancy costs	52,171	92,093	68,095	50,352	262,711	374,116	145,200	782,027
Technology	11,684	31,387	34,007	27,428	104,506	88,113	11,709	204,328
Bad debt expense	-	-	-	-	-	247,932	-	247,932
Public awareness	11,028	11,640	13,467	9,138	45,273	59,531	5,565	110,369
Advertising	11,638	11,638	13,965	9,310	46,551	54,971	5,343	106,865
Travel	4,436	11,028	10,537	9,695	35,696	32,855	3,879	72,430
Professional fees	5,184	11,943	9,748	9,468	36,343	29,924	4,649	70,916
Insurance and permits	3,879	7,352	6,733	5,520	23,484	27,398	7,071	57,953
Depreciation and amortization	1,529	4,638	2,001	1,479	9,647	9,834	4,101	23,582
Other	6,971	9,898	11,170	10,917	38,956	44,186	4,880	88,022
Total	$ 1,576,619	763,855	660,777	375,208	3,376,459	1,811,548	297,598	$ 5,485,605
Costs of direct benefits to donors								157,131
Promotional cost								25,125
Total expenses								$ 5,667,861

See notes to financial statements.

The Livestrong Foundation

Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows from Operating Activities:	
Change in net assets	$ (4,036,452)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Change in allowance for uncollectible gifts and grants receivable and discount on long-term gifts and grants receivable	154,127
Net realized and unrealized loss on investments	205,622
Depreciation and amortization	23,582
Non-cash lease expense	184,587
Change in assets and liabilities that provided (used) cash:	
Accounts receivable	485,072
Prepaid expenses and other assets	(8,878)
Inventory	17,313
Operating lease obligations	(162,120)
Accounts payable	(43,965)
Accrued liabilities	(2,128)
Deferred revenue	(38,412)
Net cash used in operating activities	(3,221,652)
Cash Flows from Investing Activities:	
Net sales of investments	3,023,287
Issuance of convertible promissory note (Note 4)	(100,000)
Issuance of note receivable	(250,000)
Purchases of property and equipment	(20,107)
Net cash provided by investing activities	2,653,180
Net change in cash and cash equivalents	(568,472)
Cash and cash equivalents, beginning of year	1,054,999
Cash and cash equivalents, end of year	$ 486,527
Supplemental Non-Cash Disclosure-	
Operating leases obligations resulting from the addition of right-of-use asset	$ 741,581

See notes to financial statements.

1. Organization

Our Mission

The Livestrong Foundation (the "Foundation") is a national nonprofit organization, headquartered in Austin, Texas, dedicated to improving the lives of people affected by cancer from the point of diagnosis through the entire cancer journey.

Since 1997, the Foundation has supported 10.9 million people who have been affected by cancer. The Foundation is focused on solving the everyday problems caused by cancer which unnecessarily compromise quality of life. Finding and funding these solutions is our primary focus.
Livestrong is committed to providing those solutions in a myriad of ways:

Survivorship Programs **-** Through our Navigation, Fertility and Help Starts Here programs, the Foundation has served and supported more than 13.7 million people: over 300,000 people in 2022 alone. In addition, these programs have helped families save more than $98.7 million in healthcare related costs.

Solution Grants Program **-** We have funded and supported 615 programs and initiatives providing solutions to everyday cancer problems totaling $588 million. 2022 new grant funding was focused on solving issues related to nutrition and mental health, funding 4 unique programs across the country.

Livestrong Cancer Institute **-** An ongoing collaboration with the University of Texas, we are working with clinical staff to revolutionize the way cancer patients are cared for. Since its inception, the clinic has served over 1,595 patients and developed new cancer navigation protocols which put the patient and their quality of life at the center of care.

2. Summary of Significant Accounting Policies

Basis of Presentation - The financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Net Assets - Net assets, revenues, gains, losses, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without Donor Restrictions **-** These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use by the Foundation, or at the discretion of the Board of Directors (the "Board") for the Foundation's use. The Foundation has Board-designated net assets of $2,000,000 set aside as an operating reserve and $9,943,865 of Board-designated endowment net assets (Note 10). These ensure that adequate operating reserves are available and cannot be spent without prior Board approval.

With Donor Restrictions **-** These net assets are subject to donor-imposed stipulations, which limit their use by the Foundation to a specific purpose and/or the passage of time, or which require them to be maintained permanently. Net assets which are required to be maintained permanently are not available for use in operations and limitations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 **-** Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 **-** Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 **-** Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach **-** uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach **-** uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach **-** uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are recorded when the Foundation has an unconditional right of payment under the terms of the customer contract and at the value of the special events revenue earned. Delinquent account receivable invoices do not accrue interest. The Foundation continually monitors each customer's credit worthiness individually and recognizes allowances for estimated bad debts on customer accounts that are no longer estimated to be collectible. The Foundation regularly adjusts any allowance for subsequent collections and final determination that an account receivable is no longer collectible. The Foundation had no allowance for uncollectible accounts receivable as of December 31, 2022, as management deemed all outstanding balances to be collectible.

Costs to Obtain or Fulfill Contracts - As performance obligations in the Foundation's contracts with customers are satisfied over a period of one year or less, the Foundation applies the practical expedient to expense costs to obtain a contract as incurred. The Foundation does not incur significant fulfillment costs requiring capitalization.

Investments - Investments are reported at fair value in the statement of financial position. Investment transactions are recorded on the trade date and investment income is recorded in the statement of activities when earned. Net investment gain includes interest, dividends, realized and unrealized gains and losses, less investment fees. Realized gains and losses are recorded as the difference between historical cost and the proceeds earned from the sale of an investment. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods. Non-marketable investments are investments in privately-held companies without readily determinable market values. Nonmarketable investments are measured at their acquisition cost and subsequently adjusted for impairment and reported at lower of cost or fair value.

Inventory - Inventory consists of program merchandise such as wristbands and guidebooks, which includes finished goods and is held to give to program beneficiaries without charge or at a minimal fee. Inventory is stated at cost and cost is determined using the average cost method. Management reviews inventory for disposed of or destroyed items and records a specific reserve as necessary. As of December 31, 2022, no obsolescence reserve was deemed necessary.

Concentrations - Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. The Foundation places its cash and cash equivalents with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

The Foundation does not maintain collateral for its receivables. During the year ended December 31, 2022, one donor accounted for 17% of total gift and grant revenue.

Property and Equipment - Property and equipment acquisitions are capitalized at cost if purchased and at fair value on the date of receipt if donated. The Foundation capitalizes all acquisitions of property and equipment in excess of $1,000 and a useful life of more than one year. Repairs and maintenance costs are charged to expense as incurred. Depreciation expense is calculated using the straight-line method over the estimated useful lives, which range from 5 to 7 years. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful lives of the underlying assets.

Intangible Assets - Intangible assets consist of trademarks and licenses purchased which have an indefinite useful life. The Foundation purchased the rights to the trademark name Live Long…Live Strong™, the rights to the .livestrong domain, the permit rights for a downtown marathon relay event in Austin, Texas, and a domain application.

Change in Accounting Principle for Recently Adopted Accounting Pronouncement - In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842),* which supersedes existing guidance for leases under Topic 840, *Leases*. The standard requires the recognition of right-of-use ("ROU") assets and lease liabilities for all leases, including operating leases. The Foundation adopted ASU No. 2016-02, as amended ("Topic 842"), on January 1, 2022, using a modified retrospective approach. The Foundation elected the package of practical expedients at the time of adoption which allowed entities to: (1) not reassess whether any expired or existing contracts were or contained leases; (2) retain the existing classification of lease contracts as of the date of adoption; and (3) not reassess initial direct costs for any existing leases. The Foundation also elected to use hindsight with respect to lease renewals and purchase options when determining the lease term and in assessing potential impairment of ROU assets. Adoption of the standard required the Foundation to restate amounts as of January 1, 2022, resulting in an increase in ROU assets and operating lease obligations of $741,581. The adoption did not have a significant impact on the Foundation's statement of activities.

Leases - The Foundation leases office space under a long-term lease agreement. Management assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Foundation's right to control the use of an identified asset for a period of time in exchange for consideration. A determination is made at inception as to whether the lease is an operating lease or a finance lease, and lease determinations are reassessed in the event of a change in lease terms. ROU assets and the associated liabilities are recognized at the commencement date and initially measured based on the present value of future minimum lease payments over the expected lease term, with ROU assets increased for initial direct costs and prepaid lease payments and reduced by any lease incentives received from the lessor.

The Foundation's lease agreement does not explicitly state the discount rate implicit in the lease; therefore, the Foundation elects to use a risk-free rate to determine the value of its lease obligation when the implicit rate is not readily determinable. Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Lease agreements may include periodic adjustments to payment amounts for inflation or other variables, or may require payments for taxes, insurance, maintenance or other expenses, which are generally referred to as non-lease components. The Foundation elects the practical expedient to account for non-lease components together with the related lease components for all classes of leased assets. Certain lease agreements may include renewal options to extend the lease term or terminate the lease prior to its scheduled expiration date in exchange for an agreed-upon fee. Management assesses these options using a threshold of reasonably certain, which is a high threshold; therefore, the Foundation's lease agreements do not generally include renewal periods or termination options. Lease term, discount rate, variable lease costs and future minimum lease payment determinations require the use of judgment and are based on the facts and circumstances of each lease. Economic incentives, intent, past history and business need are among the factors considered to determine if renewal and/or purchase options are reasonably certain to be exercised. The Foundation's lease agreements do not contain residual value guarantees, restrictions, or covenants.

Operating lease expense is recorded within occupancy expense over the term of the lease on a straight-line basis. Fixed costs for operating leases are composed of initial base rent amounts plus any fixed annual increases. Variable costs for operating leases consist primarily of common area maintenance under the office lease.

Impairment of Long-Lived Assets - Long-lived assets subject to depreciation and amortization are reviewed for impairment at the asset group level whenever events or circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset group exceeds fair value, if the carrying amount of the asset group is not recoverable.

Indefinite-lived intangible assets are evaluated for impairment at the level of each separate unit of accounting on an annual basis and between annual tests in certain circumstances. The Foundation assesses qualitative factors to determine whether it is more likely than not that the fair value of a unit of accounting is less than its carrying amount as a basis for determining whether it is necessary to test indefinite-lived intangible assets for potential impairment. If it is more likely than not or if a qualitative assessment is not performed, the Foundation performs a quantitative assessment to determine the amount of the impairment loss, if any. An impairment loss is recognized by the amount in which the carrying amount of the unit of accounting exceeds fair value. The Foundation did not recognize an impairment loss on long-lived assets during the year ended December 31, 2022.

Gifts and Grant Revenue - Contributions received and unconditional promises to give are measured at their fair values. The Foundation recognizes gifts and grants when cash, securities, other assets, or unconditional promises to give are received. These gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give, defined as those with a measurable performance or other barrier and a right to return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Change in Accounting Principle for Recently Adopted Accounting Pronouncement - In September 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. The update requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. The update is applied retrospectively and is effective for years beginning after June 15, 2021. The Foundation adopted ASU 2020-07 effective January 1, 2022. There was no material impact to the financial statements as a result of the adoption.

In-Kind Contributions - Contributed goods and services are recorded at their fair value on the date they are received. Contributed services are recognized by the Foundation if the services received (a) create or enhance non-financial assets and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Many individuals volunteer their time to assist the Foundation in performing program and supporting services.

Special Event Revenues - Special event revenues are recognized when promised services are transferred to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those services by following a five-step process, (1) identify the contract with a customer/member, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Foundation satisfies a performance obligation.

Special event revenues are recorded to revenue when the event takes place. Costs of direct benefits to donors are recorded in the fiscal year in which the events are held and include shirts, tickets, raffle prizes, and other donated goods and services for the Foundation's events.

Deferred revenue consists of cash that has been received in advance of future special events and revenue will be recognized once the event has taken place. The timing of revenue recognition, billings and cash collections resulted in accounts receivable totaling $519,927 and deferred revenue of $38,412 as of December 31, 2021.

Functional Expenses - The accompanying financial statements present expense by functional and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the programs and supporting services using a variety of cost allocation techniques such as square footage and time and effort.

Advertising Costs - Advertising costs are expensed as incurred and totaled $106,901 during the year ended December 31, 2022.

Federal Income Taxes - The Foundation is a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. The Foundation did not incur any significant tax liabilities due to unrelated business income during the year ended December 31, 2022. The Foundation files Form 990 tax returns in the U.S. federal jurisdiction and is subject to routine examinations of its tax returns; however, there are no examinations currently in process.

Recently Issued Accounting Pronouncement - In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments, including trade receivables and other commitments to extend credit held by a reporting entity at each reporting date. Entities are required to replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The amendment is effective using a modified retrospective approach for fiscal years beginning after December 15, 2022 and early adoption is permitted. The Foundation is currently evaluating the impact the amendment will have on its financial statements.

3. Liquidity and Availability of Financial Assets

As of December 31, 2022, the Foundation's financial assets available within one year for general expenditure were as follows:

Cash and cash equivalents	$ 486,527
Accounts receivable	34,855
Investments	24,347,210
	24,868,592
Less: amounts unavailable for general expenditure within one year:	
Board-designated operating reserve	(2,000,000)
Board-designated endowment	(9,943,865)
Donor-restricted endowments	(11,872,657)
Total financial assets available to management for general expenditure within one year	$ 1,052,070

The Foundation invests its funds in liquid and non-liquid investments in a manner to maximize return, minimize interest rate risk, and support cash flow requirements. The Board ensures the Foundation's financial stability by approving an annual budget prior to the start of each fiscal year. The Foundation maintains financial policies to ensure funds are allocated in a manner consistent with the mission of the Foundation. Board-designated net assets without restrictions could be made available by the Board for current operations if needed. As of December 31, 2022, the Foundation does not have sufficient funds to pay the remaining amount of the conditional pledge to The University of Texas at Austin ("UT") and the Dell Medical School for The Livestrong Cancer Institutes (the "Institutes") (Note 7), however, the Foundation is in discussions with the parties to modify the agreement and no liability was recorded as of December 31, 2022.

4. Investments and Convertible Promissory Note Receivable

Investments reported at fair value were as follows as of December 31, 2022:

	Fair Value Measurements Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Certificate of deposits	$ 14,578,774	-	-	$ 14,578,774
Treasury notes	6,444,842	-	-	6,444,842
Money market funds	3,064,197	-	-	3,064,197
				24,087,813
Investments, measured at net asset value				161,902
Total investments at fair value				$ 24,249,715

All Level 1 investments have been valued using a market approach. The Foundation's investment in a private equity fund, TIFF Private Equity Partners ("TPEP") 2005, is measured at fair value using the net asset value ("NAV") practical expedient and has therefore been excluded from the fair value hierarchy leveling table. TPEP 2005 invests in U.S. and foreign buyout, venture capital, and resource-related investment partnerships.

Liquidation restrictions for investments for which fair value is measured using the NAV practical expedient as of December 31, 2022 consisted of the following:

	Fair Value as of December 31, 2022	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
TPEP 2005	$ 161,902	$ 150,000	Illiquid - 1 year	n/a

During the years ended December 31, 2022 and 2020, the Foundation made a non-marketable investment of $82,495 and $15,000, respectively for a 50% equity interest in We Are Here, Inc. (a Delaware Corporation) (the "Corporation"). The purpose of the Corporation is to design, build, and operate a network and platform for people affected by cancer, connecting those affected with solutions to the everyday problems they face during their cancer journeys.

During the years ended December 31, 2022 and 2021, the Foundation paid $100,000 (the "2022 Note") and $200,000 (the "2021 Note"), respectively to the Corporation in the form of convertible promissory notes, (collectively, the "Notes"). The Notes accrue interest at a rate of 6.00% per annum, which is due together with all unpaid principal upon maturity. The 2022 Note and 2021 Note mature on May 10, 2025 and October 5, 2023, respectively. All outstanding principal and accrued interest on the Notes is automatically convertible into shares of the Corporation's Preferred Stock, as defined, upon closing of a Qualified Financing, as defined, at a price per share equal to the lesser of (i) 80% of the price per share paid by other purchasers of the Corporation's Preferred Stock, as defined, in a Qualified Financing and (ii) the price per share of the Company's outstanding common stock immediately prior to the Qualified Financing, assuming a $5,000,000 valuation. Related party interest income on the Notes totaled $18,000 for the year ended December 31, 2022.

5. Property and Equipment

Property and equipment consisted of the following as of December 31, 2022:

Software	$ 922,323
Furniture, fixtures, and equipment	144,036
Leasehold improvements	6,269
	1,072,628
Less accumulated depreciation and amortization	(984,176)
Property and equipment, net	$ 88,452

6. Intangible Assets

Intangible assets consisted of the following as of December 31, 2022:

Trademarks	$ 550,000
Licenses	533,886
Intangible assets	$ 1,083,886

7. Grants Payable

During the year ended December 31, 2022, the Foundation made grants to fund cancer survivorship tools and fund various community grants and sponsorships. There were no grants payable as of December 31, 2022.

Conditional grants payable are not recorded as grants payable in the statement of financial position until the condition has been met. As of December 31, 2022, the Foundation had an aggregate of $27,280,975 in conditional grants payable to others to be paid through 2024, of which $27,205,000 related to a $50 million pledge agreement with UT and the Institutes. The Institutes is pioneering patient-centered cancer care and radically changing, revolutionizing, and re-inventing the way cancer patients are cared for. Payment for the Institutes are conditioned upon satisfactory achievement of agreed upon metrics and milestones. No amounts were recorded related to this agreement during the year ended December 31, 2022. The parties are modifying the initial terms of their existing agreement.

8. Leases

The following is a summary of the Foundation's lease expense during the year ended December 31, 2022:

Operating lease expense	$ 184,587
Variable lease expense	76,008
Total	$ 260,595

Future minimum lease payments due under long-term lease agreements, excluding payments for common area maintenance, were as follows as of December 31, 2022:

2023	$ 182,402
2024	191,748
2025	200,674
2026	16,785
Total minimum lease payments	591,609
Less amounts representing interest	(7,026)
Operating lease obligations	$ 584,583

As of December 31, 2022, operating leases had a weighted average remaining lease term of 3.08 years and a weighted average discount rate of 0.78%.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2022:

Temporarily restricted:	
Earnings on donor endowments	$ 1,699,477
Name, image, and likeness	100,575
Programs and partnerships	402,694
Fertility	37,583
Men's Health Initiatives	25,613
Time restrictions	9,750
Icon	5,000
Permanently restricted donor endowments	10,173,180
Total	$ 12,453,872

10. Endowments

The Foundation interprets the Texas Uniform Prudent Management of Institutional Funds Act ("TUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Donor-restricted net assets are classified at the original value of gifts donated to the permanent endowment, plus the original value of subsequent gifts to the permanent endowment. The earnings portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those funds are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The endowment funds at the Foundation are for the general purposes of the Foundation and may provide support for a specific educational program, assist a specific national advocacy program, or fund a particular type of grant or purpose mutually agreed upon with the donor.

The corpus (principal) of donor restricted funds may never be spent. However, income and net appreciation may be expended in accordance with the spending policy described below. It is the policy of the endowment to comply with both federal and state law in complying with the specific time or use restrictions as stipulated by the individual donor. As such, the disclosure of the net asset classification of donor-restricted endowment funds is highlighted in this footnote.

In accordance with TUPMIFA, the Foundation does not exceed a spending rate of 7% of the rolling three-year moving average of the monthly portfolio market value. The investment policy for endowment funds outlines the Foundation's return objectives and risk parameters as summarized below:

- Return objectives **-** The return objective for endowment funds is to preserve and enhance the purchasing power of endowment assets, net of costs and Board-approved withdrawals. This goal is synonymous with the pursuit of a time-weighted net return on endowment assets that equals inflation plus the long-term spending rate.
- Risk parameters **-** The endowment's risk parameters are measured by its policy portfolio and allowable asset mix detailed in Board-approved investment guidelines. These guidelines provide specific target allocations and ranges. The policy portfolio represents the highest expected return asset mix that is likely to satisfy the return objectives. Because the policy portfolio entails benchmarks for each of its segments and hence also for the endowment as a whole, it constitutes an appropriate standard by which to measure progress toward achievement of these objectives.

The Foundation makes deficient donor-restricted endowment funds whole as of December 31 by allocating funds from Board-designated endowment funds to the respective deficient donor-restricted endowment balance. The Foundation did not have any deficient donor-restricted endowments as of December 31, 2022.

As of December 31, 2022, endowment net assets consisted of over 78 individual named funds.

The changes in endowment net assets during the year ended December 31, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 11,146,652	$ 11,984,488	$ 23,131,140
Investment loss, net	(105,787)	(112,931)	(218,718)
Contributions	-	1,100	1,100
Appropriation of endowment assets for expenditure	(1,097,000)	-	(1,097,000)
Endowment net assets, end of year	$ 9,943,865	$ 11,872,657	$ 21,816,522

11. Retirement Plan

The Foundation has a defined contribution 401(k) retirement plan for substantially all of its employees. The Foundation matches contributions of the eligible participants' elective deferrals up to a maximum of 4% of eligible compensation. The Foundation contributed $75,894 to participant accounts during the year ended December 31, 2022.

12. Related Party Transactions

During the year ended December 31, 2022, the Foundation received contributions of $67,790 from Board members.

13. Subsequent Events

The Foundation has evaluated subsequent events through October 17, 2023 (the date the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date that would impact the financial statements.